

ORDER NO. 6182

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Competitive Product Prices
Global Reseller Expedited Package Services 2
(MC2013-51)
Negotiated Service Agreements

Docket No. CP2020-227

ORDER APPROVING MODIFICATION TWO TO
GLOBAL RESELLER EXPEDITED PACKAGE SERVICES 2 NEGOTIATED SERVICE
AGREEMENT

(Issued May 25, 2022)

I. INTRODUCTION

The Postal Service seeks to modify a Global Reseller Expedited Package Services 2 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification Two to Global Reseller Expedited Package 2, May 12, 2022 (Notice). The modification is an attachment to the Notice (Modification).

II. BACKGROUND

In Order No. 5610, the Commission approved the Global Reseller Expedited Package Services 2 negotiated service agreement (Existing Agreement).² On May 12, 2022, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement. On May 13, 2022, the Commission issued a notice reopening this docket to consider the Modification, appointing a Public Representative, and providing interested persons with an opportunity to comment.³

The Postal Service intends for the Modification to become effective on June 1, 2022. Notice at 1. The Postal Service filed supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3035.105. *Id.*

III. COMMENTS

Comments were filed by the Public Representative.⁴ No other person submitted comments. The Public Representative reviewed the Modification, the Existing Agreement, and the financial model filed under seal. PR Comments at 2. Based on that review, he concludes that the Existing Agreement, as modified, should continue to generate sufficient revenue to cover costs and satisfy 39 U.S.C. § 3633(a). *Id.*

IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

² See Docket Nos. MC2013-51 and CP2020-227, Order Approving Additional Global Reseller Expedited Package Services 2 Negotiated Service Agreement, July 30, 2020 (Order No. 5610). The contract was later modified. See Order Approving Modification One to Global Reseller Expedited Package Services 2 Negotiated Service Agreements, January 22, 2021 (Order No. 5825).

³ See Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, May 13, 2022.

⁴ Public Representative Comments on Postal Service Notice of Filing Modification Two to a Global Reseller Expedited Package Contracts 2 Negotiated Service Agreement, May 18, 2022 (PR Comments).

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire May 31, 2022.⁵ The Modification revises the expiration date of the contract to May 31, 2023. Notice at 1.

The Modification revises terms related to payment processes, as well as relevant minimum commitments. Notice, Attachment 1 at 1-6.

Based on a review of the record, the Commission finds that the Existing Agreement, as modified, should cover its attributable costs. Consequently, the Commission finds that the Modification should allow the Global Reseller Expedited Package Services 2 product to continue to comply with 39 U.S.C. § 3633(a)(2). For this reason, the Commission finds that the Modification should not result in competitive products as a whole being subsidized by market dominant products, in accordance with 39 U.S.C. § 3633(a)(1). Similarly, it finds the Modification is unlikely to prevent competitive products as a whole from contributing an appropriate share of institutional costs, consistent with 39 U.S.C. § 3633(a)(3). Accordingly, a preliminary review of the Modification indicates it is consistent with section 3633(a). The Commission will review the cost coverage of the Existing Agreement, as modified, the cost coverage of the Global Reseller Expedited Package Services 2 product, and the contribution of competitive products as a whole to the Postal Service's institutional costs in the

⁵ See Order No. 5825 at 4 (revising expiration date to April 30, 2022). See *also* Notice of the United States Postal Service of Extension of a Global Reseller Expedited Package 2 Negotiated Service Agreement, April 13, 2022 (revising expiration date to May 31, 2022).

Commission's Annual Compliance Determination to ensure that they continue to comply with 39 U.S.C. § 3633(a).

Other considerations. The Postal Service states that the Modification shall become effective June 1, 2022. Notice at 1. The Existing Agreement, as modified, is set to expire May 31, 2023. *Id.*

If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

V. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Reseller Expedited Package Services 2 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, May 31, 2023.

By the Commission.

Erica A. Barker
Secretary